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## Daily Environment Report

### Afternoon Briefing - Your Preview of Today's News

The following news provides a snapshot of what Bloomberg BNA is working on today. Read the full version of all the stories in the final issue, published each night. The Bloomberg BNA Daily Environment Report is brought to you by EPA Libraries. Please note, these materials may be copyrighted and should not be forwarded outside of the U.S. EPA. If you have any questions or no longer wish to receive these messages, please contact Josue Rivera-Olds at [rivera-olds.josue@epa.gov](mailto:rivera-olds.josue@epa.gov), 202-566-1558.

### New York Pours \$2.5 Billion into Clean Water Programs

*Posted April 04, 2017, 02:26 P.M. ET*

*By [Gerald B. Silverman](#)*

New York is primed to pump \$2.5 billion into its water infrastructure programs following the discovery of chemical contamination in drinking water throughout a number of sites across the state.

The Clean Water Infrastructure Act, which is included in a budget bill ([S. 5492](#)) expected to be signed shortly by Gov. Andrew M. Cuomo (D), would provide \$725 million in the 2017-18 fiscal year, but residents of Hoosick Falls are disappointed they won't see dedicated cleanup funding as part of the measure.

"We're ground zero for water contamination in New York state," Michele Baker, a Hoosick Falls resident, told Bloomberg BNA

Baker is the lead plaintiff in a class action against Saint-Gobain Performance Plastics Corp. and Honeywell International Inc. over drinking water contamination after perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS) were found in the drinking water. She estimates \$25 million is needed to clean the city's drinking water supply. Saint-Gobain and Honeywell have been named as potential responsible parties for the Hoosick Falls contamination under the state Superfund law and are also facing civil lawsuits.

New York's water infrastructure measure also includes \$130 million for the remediation of hazardous waste sites with water contamination and \$100 million for municipal water supply

infrastructure programs. It also provides \$20 million for the replacement of lead drinking water service lines and \$200 million to protect the New York City watershed.

#### **Funding Applauded**

Darren Suarez, director of government affairs for the Business Council of New York State, applauded the act.

"New York, like many other states, faces real challenges with our water infrastructure and these funds are critical to ensuring our water treatment and delivery systems continue to provide public health protection," he told Bloomberg BNA in an email.

Paul Galloway, president of Riverkeeper, also praised the funding.

"After decades of under-investment, New York is finally doing what's needed to fix its aging water infrastructure," he said.

The budget bill was approved by both houses of the Legislature April 3 as an emergency measure because lawmakers missed the deadline for the start of the state fiscal year on April 1.

#### **Interior Proposes to Scrap Obama Rule for Coal, Oil Royalties**

*Posted April 04, 2017, 02:59 P.M. ET*

*By Jennifer A. Dlouhy*

The Trump administration is moving to repeal an Obama-era regulation governing how royalties are calculated for coal, natural gas and oil extracted on federal lands.

The Interior Department's Office of Natural Resources Revenue proposed to repeal the valuation rule in a notice of proposed rulemaking published April 4 in the Federal Register.

The change would benefit coal companies extracting the fossil fuel on federal land, such as Cloud Peak Energy, which lobbied against the regulation. The rule previously had been estimated to increase royalty collections by at least \$78 million.

The agency asked for public comment on whether revisions were necessary for the previous royalty valuation rules.

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#### **USA's Biggest Coal Miner Is Joining the Comeback Under Trump**

*Posted April 04, 2017, 8:57 A.M. ET*

*By Tim Loh*

Peabody Energy Corp., America's biggest coal miner, is back.

After almost a year in bankruptcy, the St. Louis-based giant will trade yet again on the New York Stock Exchange April 4. Clarkson's Platteau Securities Inc. estimated a market capitalization of \$3.97 billion for the company, which at its height was valued at almost \$24 billion. Its return to Wall Street comes just as the entire U.S. coal sector is staging a comeback amid growing interest from investors.

Rival Arch Coal Inc. emerged from bankruptcy in October. Miner Ramaco Resources Inc. held the industry's first initial public offering in two years. And Warrior Met Coal LLC is planning its own. They're all riding a rally in coal prices, which skyrocketed last year after China decided to cut its output. U.S. natural gas futures have meanwhile climbed, making coal a more attractive alternative for power generators, and President Donald Trump is rolling back regulations on the industry, vowing to bring mining jobs back.

"We look forward to this next phase in our company's history," Peabody Chief Executive Officer Glenn Kellow said in an April 3 statement. "Coal remains an essential part of the energy mix, and Peabody is the largest U.S. coal producer."

The industry's recovering from a market collapse that, just a year ago, sent coal prices plunging to their lowest level in over a decade. The downturn forced shut hundreds of U.S. mines, leaving thousands out of work. Peabody, which produces more tons of coal than any other U.S. miner, is returning with about a quarter of its old debt levels and plans to focus on the thermal coal used by power plants -- a fuel it can extract from mines in Wyoming and Australia that analysts including Clarkson's Platteau have ranked among the world's lowest-cost operations.

## Conservative Path

The miner may chart a conservative path forward, focusing on keeping debt levels low and staying profitable, Jeremy Sussman, an analyst at Clarksons, said in a note. That means avoiding decisions like a 2011 one to spend \$4 billion to acquire Australia's MacArthur Coal Ltd., an ill-timed, debt-fueled bet that metallurgical coal prices would stay high. Prices promptly crashed, ultimately driving Peabody into bankruptcy.

"The Bruce Springsteen classic *Glory Days*, ode to 'boring stories of glory days,' is appropriate for how investors should view Peabody," Sussman said in a March 30 note. "Peabody has traditionally been thought of as the bellwether of the coal space, the largest and most diversified non-Chinese coal player, built to withstand almost all market conditions.

U.S. coal production plunged by almost 40 percent under President Barack Obama as the industry faced competition from cheap gas and pressure from tighter regulations on pollution from power plants. Trump has already begun lifting regulations on the coal sector, including a ban on leasing on federal land. He promised during his campaign to bring back mining jobs, a prediction even coal companies have hedged.

"It's not going to bring back jobs right away," Robert Murray, the CEO of miner Murray Energy Corp., said of Trump's initiatives in an interview last month.

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## PODCAST: Why Is Water So Cheap? (Hint: It's Not)

*Posted April 04, 2017, 11:58 A.M. ET*

*By David Schultz*

This week on our environmental policy podcast *Parts Per Billion* we begin the first in a series on drinking water—specifically, how do we pay for the drinking water infrastructure upgrades the country badly needs?

We pose that question to Rep. Paul Tonko (D-N.Y.), the top Democrat on a key environmental subcommittee in the House. He says without a big infusion of federal cash, incidents like the ongoing contamination crisis in Flint, Mich., could become commonplace.

To listen to the podcast episode, click [here](#).

## Lead Poisoning, Oil-Spill Programs Targeted for Cuts at EPA

*Posted April 04, 2017, 7:55 A.M. ET*

*By Ari Natter*

The Trump administration is proposing to slash grants to prevent lead poisoning, climate change research and criminal enforcement against polluters as part of its plan to cut the Environmental Protection Agency's budget by nearly a third.

An internal budget memo released by the American Federation of Government Employees shows President Donald Trump's plan to eliminate dozens of programs at the EPA and slash many more. The details go beyond what was released by the White House last month as part of its budget proposal, which set an overall 31 percent funding cut, to \$5.7 billion.

"This budget puts America and Americans at risk," John J. O'Grady, president of the American Federation of Government Employees Council 238, said in a statement. It "threatens the lives and dignity of all Americans, particularly the most vulnerable in our society."

O'Grady emailed the 64-page memo, dated March 21, to reporters April 3.

John Konkus, an EPA spokesman, said the agency could both effectively serve taxpayers and protect the environment.

"While many in Washington insist on greater spending, EPA is focused on greater value and real results," Konkus said. "The EPA will partner with the states to ensure a thoughtful approach is used to maximize every dollar to protect our air, land, and water."

## Resistance Seen

The budget plan, which is subject to approval by congressional appropriators, is certain to face bipartisan resistance.

“It’s simply shameful that President Trump continues to put the interests of corporate polluters ahead of the health and safety of New Jersey families,” Sen. Cory Booker (D-N.J.) said in a statement after attending a rally at an EPA building in his home state April 3.

The document shows how Trump is trying to make good on a promise to reduce the size and scope of the EPA and roll back Obama-era initiatives on climate and other environmental issues.

“The agency’s work will center on our core legal requirements, federal-only and national efforts, providing support to states in implementing environmental laws, and easing regulatory burden,” said the memo, which was signed by David A. Bloom, the agency’s acting chief financial officer.

Bloom warned those who received it against leaks: “The untimely release of information is not productive and creates unintended consequences.”

#### **Hundreds and Millions**

The document includes a list of more than 200 programs that would face cuts or elimination. It includes a reduction of more than \$100 million and more than 200 staff positions for research into climate change and climate protection. The agency also would eliminate programs on indoor radon, radiation protection, coastal waterways and leaking underground storage tanks.

The EPA’s criminal-enforcement program would lose \$1.5 million and 34 staff. That move marks a shift toward “supporting states and tribes as the primary enforcers of environmental laws.” Also facing budget reductions is the the EPA’s oil-spill prevention program.

“We understand the core missions of EPA are antipollution enforcement and regulation. They appear to be substantially cutting both,” Jeff Ruch, executive director of Public Employees for Environmental Responsibility, said in an interview. “How any of this benefits the environment or public health remains unclear.”

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#### **Research That Saved Bald Eagle at Risk as New EPA Settles In**

*Posted April 04, 2017, 8:45 A.M. ET*

*By Lauren Coleman-Lochner*

Congress and the Trump administration are planning sweeping changes in how science is used to govern public health.

Controversy over climate change may be getting all the attention right now, but legislation under consideration would transform the way the Environmental Protection Agency combats pollution, identifies harmful pesticides and classifies everyday toxins, such as laundry detergent, window cleaner and clothing dye.

President Donald Trump has vowed to flatten regulatory hurdles for American business, and Congress’s proposed EPA rules for science would make commerce easier. The president has proposed a 31 percent budget cut for the EPA and installed an opponent of the agency, Scott Pruitt, as its leader. Pruitt began the new era of industry over environmental regulation last week by reversing years of scientific opinion, rejecting a proposed ban on chlorpyrifos, a pesticide used on fruits and vegetables that has links to brain damage.

Bills under deliberation would open EPA expert advisory panels to industry representatives and mandate the use in formulating policy of what sponsors call the “best available science,” which opponents say would exclude widely used research methods and delay action. An EPA program that certifies consumer products that are free of hazardous substances could also be in peril.

Lawmakers and environmentalists are predictably split on the legislation.

The bills “really pull the rug out from under the independence of the scientific process,” said Thomas Burke, a professor at the Johns Hopkins University Bloomberg School of Public Health in Baltimore and former EPA adviser. “We’re going to turn back the clock on public health. This is the most devastating blow I’ve ever seen.”

#### **‘Trust-Me Science’**

Rep. Lamar Smith (R-Texas), who chairs the House committee that oversees the EPA, said that “the days of trust-me science are over.”

“Open and honest science should be at the core of the EPA’s mission rather than rules that end up costing American taxpayers billions of dollars,” Smith said in a statement last week.

That was Smith’s rationale for the Honest Act, which passed the House 228-194 on March 29. It would bar the EPA from creating any regulation based on data that’s not publicly available or can’t be replicated.

The law would mean eliminating studies that cite epidemiological research, such as the one that led to the banning of the pesticide DDT, which was shown to cause cancer in humans and deadly effects in birds like bald eagles. Leaded gasoline was also taken off the market due to epidemiological research, which exposed its link to brain damage in children.

#### **‘Cynical Time’**

A day after the House approved the Honest Act, the EPA Science Advisory Board Act passed 229-193, allowing industry representatives to serve without special permission, while excluding scientists whose research receives EPA funding. Doing that would prevent extreme views, according to its sponsor, Rep. Frank Lucas (R-Okla.).

“We live in a very cynical time, where people question everything the government does,” Lucas said in an interview. Revising the makeup of the board “creates a more balanced situation” and “will move the standard that is something closer to the middle no matter who is in charge of the federal government.”

But the legislation undercuts the EPA’s mission, said Rep. Eddie Bernice Johnson (D-Texas), the ranking Democrat on the House committee overseeing the EPA.

The bill “makes it easier for industry representatives with conflicts of interest to serve on advisory boards at the EPA while making it harder for scientific experts, all while slowing the regulatory process,” Johnson said in a statement.

#### **Better Data**

The Better Evaluation of Science and Technology Act, also called the BEST Act, aims to decrease the number of lawsuits filed against government agencies and reduce questions about the quality of underlying data in their regulations, its sponsor, Sen. James Lankford (R-Okla.), said in a statement.

Yogin Kothari of the Union of Concerned Scientists called it a “Trojan horse transparency bill” that weakens regulations by casting doubt on the science used to back them. It could have the effect of excluding newer findings, which may reveal harm undetected by older research, he said.

These bills come at a time when an update of the Toxic Substances Control Act, signed into law last year, could limit the ability of states to enact regulations that are tougher than federal standards. They still must be approved by the Senate, where they could be stalled by filibusters.

#### **Household Toxins**

Environmentalists say they fear a stroke of a pen could eliminate the EPA’s Safer Choice program. Congress has tried to scuttle it before. The program approves household products such as laundry detergent and window cleaner that are free of hazardous substances.

Companies governed by the program say they favor it. Last month, almost 200 corporations, including Wal-Mart Stores Inc., Procter & Gamble Co., Dow Chemical Co. and BASF, wrote to Pruitt, saying it “helps consumers, businesses, and procurement officers/purchasers to identify products that go beyond regular safety standards.”

But many of the same industries that fought restrictions on DDT and leaded gasoline in the past are trying to block regulation now, said Daniel Rosenberg, senior attorney of the health and environment program at the Natural Resources Defense Council in Washington.

“If a bill would make it harder for EPA to protect the public from chemicals like lead, mercury and asbestos, it’s something that no reasonable member of Congress should support,” he said.

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#### **Science Takes Back Seat to Industry Profits in Trump’s New EPA**

*Posted April 04, 2017, 10:47 A.M. ET*

*By Lauren Coleman-Lochner*

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#### **Sustainable Palm Oil Certification Sought for European Union**

*Posted April 04, 2017, 02:14 P.M. ET*

*By Stephen Gardner*

Only palm oil that is certified as sustainable should be imported into the European Union after 2020, the European Parliament said in a nonbinding April 4 [resolution](#).

Katerina Konečná, a Czech left-wing member of the European Parliament, who drafted the resolution, said a common EU standard is needed because palm oil production should not lead to deforestation or to the exploitation of communities in producer countries, such as Indonesia and Malaysia.

Konečná told Bloomberg BNA April 4 that the nonbinding resolution will put pressure on the the European Commission, the EU’s executive, to consider the certification proposal because it was backed by an overwhelming majority of European Parliament lawmakers. Lawmakers sitting in Strasbourg, France, backed Konečná’s resolution in a 640-18 vote, with 28 abstentions.

Palm oil is one of the world’s most widely-used commodities, serving as an ingredient in food, cosmetics, soaps, in industrial applications and as biofuel. The resolution said that clearance for agriculture is the primary cause of deforestation worldwide, with conversion of forest land to palm oil plantations responsible for 40 percent of global deforestation.

A single EU-wide sustainability certification scheme for palm oil is needed because existing voluntary schemes are “the subject of criticism especially with regard to ecological and social integrity,” and are confusing for consumers, the resolution said.

Greater stringency in certification for sustainable palm oil is “a global challenge, which requires a collective response,” said Danielle Morley, European director of the Roundtable on Sustainable Palm Oil, an industry-backed organization that offers sustainability certification. She added that currently the supply of certified-sustainable palm oil is double the demand.

The EU’s top environment official, Environment Commissioner Karmenu Vella, said April 3 in a European Parliament debate on the oil ahead of the April 4 vote that the commission was carrying out a feasibility study into “options to step up EU action to combat deforestation and forest degradation.” The study results would be published in mid-2017, Vella said.

"We need to take a broader look at deforestation because deforestation is not only caused by the palm oil industry," and "not all the palm oil industry is producing deforestation," Vella said.

### **Canadian Oil Disruption, OPEC Output Cuts Open Door for Mexico**

*Posted April 04, 2017, 8:45 A.M. ET*

*By Robert Tuttle*

Canadian crude shipments to the U.S. are poised to shrink just as the effects of OPEC-led output cuts are being felt in the Caribbean. That's good news for Mexico and other local oil producers.

Syncrude Canada Ltd. told customers they wouldn't receive any supply in April from its 350,000 barrel-a-day upgrader, according to people familiar with the matter. The plant, which turns bitumen from Alberta's oil sands into light synthetic crude, moved forward maintenance following a fire last month. Light crude and condensate jumped to the highest level in more than a year last week, and Western Canadian Select on April 3 was the strongest since June 2015, when wildfires in Alberta disrupted production.

The loss of some Canadian shipments comes just as U.S. refiners are returning from seasonal maintenance and shipments from the Middle East are declining. Mexico stands to benefit from the disruption, as the higher heavy Canadian crude prices make its similar Maya grade more attractive to U.S. Gulf Coast refiners.

The Organization of Petroleum Exporting Countries pumped 32.095 million barrels a day in March, down 200,000 a day from the previous month, according to a Bloomberg News survey of analysts, oil companies and ship-tracking data. Traders were said to have pulled between 10 million and 20 million barrels of oil from storage in the Caribbean, according to estimates from traders who asked not to be named because their data is proprietary.

U.S. inventories have remained stubbornly high following the output cuts by OPEC and other large producers that took effect in January, even as signs elsewhere point to the market rebalancing. That may be starting to change: analysts surveyed by Bloomberg expect U.S. inventory data due out April 5 to show the biggest weekly decline this year.

Western Canadian Select crude traded at \$4.12 a barrel less than Mexican Maya April 3, the smallest discount since wildfires shut about a million barrels of oil sands production in May. The price difference is too small to cover the \$7 it costs to ship a barrel of the heavy Canadian to the Gulf Coast by pipeline, according to Carl Evans, an analyst at Genscape Inc.

"Probably the Gulf will take as much Mexican as it can," Evans said April 3 by phone.

The jump last week in prices of synthetic crude and condensate, which are mixed with bitumen so it can flow easily through pipelines, pushed up heavy crude prices. Western Canadian Select surged 90 cents to \$10.50 a barrel below West Texas Intermediate, the U.S. benchmark, the smallest discount in almost two years, data compiled by Bloomberg show.

The Gulf Coast imports of Canadian crude have more than doubled in the past three years as new pipelines capacity opened up. Over the same period, Mexico's shipments to the U.S. fell by about one-third.

--With assistance from Javier Blas.

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### **Northern Ireland Power Storage Project Gets \$96 Million From EU**

*Posted April 04, 2017, 12:25 P.M. ET*

*By Anna Hirtenstein*

Gaelectric Holdings Plc received a 90 million-euro (\$96 million) European Union grant for a project in Northern Ireland that uses compressed air to store energy.

This is the project's third EU grant, according to an emailed statement from the Dublin-based energy company. The funds were disbursed from the "Connecting Europe" facility and follow grants awarded in 2015 and 2016 that totaled 15 million euros.

Gaelectric's project, located near Belfast, stores compressed air in underground caverns inside of salt deposits. When released, the air drives turbines that generate electricity. The project is expected to generate 330 megawatts of electricity for as long as eight hours when complete.

"This project is the first of a pipeline of projects employing compressed-air energy storage technology which Gaelectric is working on at several locations across Europe," said Joe O'Carroll, commercial director.

Power storage is seen as the missing link in creating a complete clean energy system. Large amounts of energy need to be stored in order to balance the intermittent power generated by solar and wind. Once storage technologies take off, the reliance on fossil fuel to plug capacity gaps will diminish.

#### **Storage Investment**

Almost all installed energy storage is pumped hydro, which needs ready access to water and steep inclines to function. While batteries are taking off -- particularly lithium-ion -- their contribution is marginal on most power grids. Bloomberg New Energy Finance estimates about \$44 billion will be invested in energy storage by 2024.

Compressed air is a technology that has been around since the 1970s, but hasn't developed because of issues with efficiency and scalability, according to Logan Goldie Scot, analyst at BNEF.

"It's not clear that this project can be replicated elsewhere or whether its viable without the EU funding," Goldie-Scot said.

The European Commission pledged to invest 444 million euros in "priority" European energy infrastructure projects in February this year. It has selected 18 projects to back, including Gaelectric's.

They will "contribute to achieving the Energy Union's goals by connecting European energy networks, increasing security of energy supply, and contributing to sustainable development by integrating renewable energy sources across the EU," according to an EU statement.

Gaelectric did not respond to requests for additional comment.

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